

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 NEA-10 ISO-00 AGR-20 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-20 STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9313

INFO AMEMBASSY COLOMBO

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USADB

FOR NAC AGENCIES

E O 11652: ADS, DECLAS 12/31/74

TAGS: EAID, EFIN, CE

SUBJ: POST-EVALUATION OF FIRST TEA FACTORY MODERIZATION
PROJECT IN SRI LANKA

REF: MANILA 12677

SUMMARY: AT ONE DIRECTOR'S REQUEST, ADB BOARD DISCUSSED
FIRST POST-EVALUATION OF BANK PROJECT AT BD MEETING NOV
20. MOST DIRECTORS ALTHOUGH COMMENDING THIS INITIAL
EVALUATION EFFORT FELT REPORT LACKED EXPLICIT METHODOLOGY;
DID NO PROVIDE SUFFICIENT POLICY GUIDANCE TO BANK.
SOME DIRECTORS ALSO ASSERTED NEED FOR INDEPENDENCE OF
EVALUATORS. PRESIDENT ASSURED BOARD THAT WORKING PAPER
ON POST-EVALUATION TO BE CIRCULATED EARLY NEXT YEAR WOULD
RESPOND TO THESE ISSUES. END SUMMARY.

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1. DURING EXTENDED BOARD DISCUSSION OF ADB DOC R-52/70 ENTITLED POST-EVALUATION OF FIRST TEA FACTORY MODERNIZATION PROJECT IN SRI LANKA, AT MEETING NOV 20, SEVERAL DIRECTORS URGED EVALUATIONS SHOULD BE PART OF SYSTEMATIC PROGRESS REPORTS TO BOARD ON PROJECT IMPLEMENTATION; STRESSED NEED FOR INDEPENDENCE OF EVALUATORS TO AVOID SELF-SERVING STAFF JUSTIFICATIONS.

2. RE SPECIFIC TEA FACTORY PROJECT, DIRECTORS CRITICAL OF:
A) DISBURSEMENT DELAYS CAUSED BY CUMBERSOME RELENDING PROCEDURES; B) FAILURE OF ADB TO TAKE UP DISBURSEMENT ISSUES WITH CEYLON'S CENTRAL BANK; C) NEGLECT OF TAX DISINCENTIVES AND INEFFECTIVE GOVT REPLANTING SCHEME WHICH ADVERSELY AFFECTED PROJECT GOALS. ONE DIRECTOR SAID BOARD APPROVAL SHOULD HAVE BEEN OBTAINED PRIOR TO REALLOCATION ONE-FOURTH OF LOAN TO EXTERNAL ELECTRIFICATION.

3. WIDE-RANGING BOARD DISCUSSION OF WHEN AND HOW ADB SHOULD CONDUCT POST EVALUATIONS ULTIMATELY FOCUSSED ON TWO KEY ISSUES: METHODOLOGY AND INDEPENDENCE OF EVALUATION PROCESS. BOARD CONSENSUS WAS OBVIOUS NEED FOR ADB TO ESTABLISH SYSTEMATIC AND RIGOROUS EVALUATION POLICY. USADB IN DISCUSSION STRESSED SUBJECT EFFORT NOT RESPONSIVE TO PREVIOUS USG PROPOSALS RE INDEPENDENT EVALUATION MECHANISM.

4. PRESIDENT AND VICE PRESIDENT ASSURED THAT WORKING PAPER BEING PREPARED FOR CIRCULATION TO BOARD EARLY NEXT YEAR WOULD MAKE COMPARATIVE ANALYSIS IFT'S EVALUATION PROCEDURES AND PROPOSE ADB MANAGEMENT APPROACH ADDRESSING KEY ISSUES NOTED ABOVE.
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